
CITY OF BAKER SCHOOL SYSTEM

BAKER, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013



A Professional Accounting Corporation

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CITY OF BAKER SCHOOL SYSTEM

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ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

CITY OF BAKER SCHOOL SYSTEM

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CITY OF BAKER SCHOOL SYSTEM

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

CITY OF BAKER SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2013

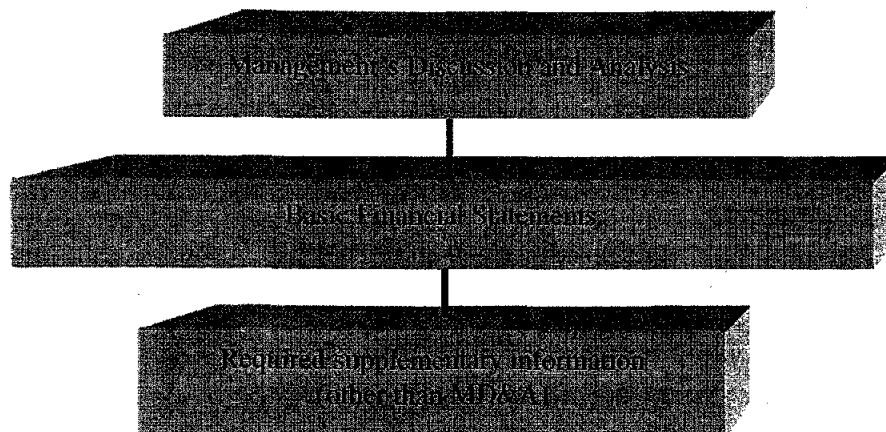
The Management's Discussion and Analysis of the City of Baker School System's financial performance presents a narrative overview and analysis of City of Baker School System's financial activities for the year ended June 30, 2013. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- ★ The City of Baker School System's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of fiscal year 2013 by \$12,161,047. However, \$1,985,609 of net position is either restricted or invested in capital assets and are unavailable for payment of ongoing obligations. Unrestricted net position that is available for such use equals \$10,175,438.
- ★ Expenses exceeded revenues by \$577,438 on the accrual basis for the 2013 fiscal year, representing a slight decrease in the long-term financial condition of the School System.
- ★ Sales and use tax revenue decreased by \$92,629, or 3% in comparison to fiscal 2012.
- ★ Minimum Foundation Program (MFP) revenue decreased by \$353,365, or 3% in comparison to fiscal 2012 as a result of declining enrollment.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

CITY OF BAKER SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2013

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the School System's finances, in a manner similar to private sector business.

The *statement of net position* presents information on all of the School System's assets, deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School System is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. (e.g., uncollected taxes and earned but unused sick leave).

Both government-wide financial statements present functions of the School System that are principally supported by taxes and intergovernmental revenues (governmental activities). The School System has no functions or activities which are business-like in nature, meaning that they are primarily supported by user fees and charges for services, such as a municipally owned utility system. The governmental activities of the School System include regular and special education programs, support services, administration, maintenance, student transportation, and school food services. The School System contains no other units of government (component units) nor is it contained as a component unit of any other level of local or state government.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control over the resources that have been segregated for specific activities or objectives. The School System, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School System can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements. Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the School System's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The School System maintains several individual governmental funds. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, School Food Service Fund, Special Education Fund, Title I, and the Capital Projects Fund, which are the School System's major funds. The remaining funds are combined into a single, aggregated presentation under the label of other governmental funds, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

CITY OF BAKER SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2013

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of outside parties such as students. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School System's programs. The sole fiduciary fund of the School System is the School Activity Fund, which contains monies belonging to the schools, their students, and clubs and other activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Position
as of June 30, 2013 and 2012

	2013	(as restated) 2012
Assets		
Cash and cash equivalents	\$ 11,192,522	\$ 11,341,303
Investments	220,499	220,275
Receivables	1,714,763	1,853,349
Inventory	37,381	30,645
Capital assets, net of accumulated depreciation	1,883,302	1,599,428
Other assets	45,542	36,966
Total Assets	<u>15,094,009</u>	<u>15,081,966</u>
 Deferred Outflows	 -	 -
Liabilities		
Salaries payable and accrued expenses	794,426	728,084
Long-term liabilities		
Due within one year	70,638	36,966
Due in more than one year	2,067,865	1,578,431
Total Liabilities	<u>2,932,929</u>	<u>2,343,481</u>
 Deferred Inflows	 -	 -
Net Position		
Net investment in capital assets	1,883,302	1,599,428
Restricted for federal and state grant programs	102,307	46,370
Unrestricted	10,175,438	11,092,687
Total Net Position	<u>\$ 12,161,047</u>	<u>\$ 12,738,485</u>

- Cash and cash equivalents account for 74% of the total assets of the School System. These assets decreased by approximately \$149,000 over the prior year as the school board's overall revenues declined.
- Capital assets (reported net of accumulated depreciation), which account for 12% of the total assets of the School System, increased by approximately \$284,000 due to capital projects relating to stadium upgrades, paving of the parking lot at Baker Middle School, and door replacements at Baker High School which began during the fiscal year.

CITY OF BAKER SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2013

- Long-term liabilities experienced a net increase of \$489,434 or 31%. The net increase is a result of the increase in the other post-employment benefit obligation (OPEB) recorded in accordance with governmental accounting standards, which was offset by a decrease in the start-up loan from the State of Louisiana Department of Education resulting from principal repayments.
- Despite a reduction in overall expenses due to budgetary constraints, unrestricted net position decreased by \$577,438, or 4.5% as a result of the increased costs associated with the OPEB liability.

Statements of Revenues and Expenses
For the Years Ended June 30, 2013 and 2012

	2013	2012
Revenues		
Program revenues		
Charges for services	\$ 465,414	\$ 481,921
Operating grants	2,699,582	3,550,307
General revenues		
Taxes		
Ad Valorem taxes	1,861,664	1,795,373
Sales and use taxes	2,971,848	3,064,477
Minimum Foundation Program	11,288,574	11,641,939
Interest and investment earnings	14,188	13,403
Miscellaneous	79,528	56,042
	<u>19,380,798</u>	<u>20,603,462</u>
Expenses		
Regular education programs	7,106,253	8,472,258
Special education programs	1,590,323	1,755,497
Other education programs	2,143,752	1,846,961
Pupil support services	1,016,413	936,651
Instructional staff services	1,064,675	1,243,574
General administrative services	756,263	844,175
School administrative services	1,317,374	1,278,074
Business and central services	789,033	645,365
Plant operation and maintenance	1,996,676	1,824,144
Transportation	704,700	775,770
Food services	1,217,586	1,230,296
Other	255,188	4,769
	<u>19,958,236</u>	<u>20,857,534</u>
Change in Net Position	<u>\$ (577,438)</u>	<u>\$ (254,072)</u>

CITY OF BAKER SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2013

Revenues

- Operating grant revenue, which accounts for 14% of total revenues, declined by approximately \$851,000 due to a reduction in federal funding received over the prior fiscal year.
- Local tax revenues consist of sales and property taxes and are approximately 25% of total revenue. Property taxes have increased over the prior year by approximately \$66,000 which offset the decline in sales tax revenues of approximately \$93,000.
- Minimum Foundation Program (MFP) revenue decreased by approximately \$353,000 or 3% in comparison to fiscal 2012 as a result of declining enrollment.

Expenses

- Expenses overall decreased by approximately \$899,000 or 4% as a result of cost containment measures taken by the School System.

ANALYSIS OF GENERAL FUND

- The majority of the School System's financial activity occurs in the general fund. The fund balance at June 30, 2013, is \$5,306,848. This reasonably adequate fund balance is a result of accumulated operating surpluses from prior fiscal years and serves as a source of funds for the System to sustain itself during periods of decreased revenue or major events.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2013, the City of Baker School System had \$1,883,302 invested in a broad range of capital assets, including land, building, and equipment. (See table below.) This amount represents a net increase (including additions and deductions) of approximately \$284,000 or 18%, over last year due to several capital projects that started in the fiscal year as noted above.

Capital Assets at June 30,
(Net of Accumulated Depreciation)

	<u>2013</u>	<u>2012</u>
Land	\$ 149,536	\$ 149,536
Work in Process	247,236	-
Buildings and Improvements	1,346,678	1,422,808
Furniture, Fixtures & Equipment	<u>139,852</u>	<u>27,084</u>
Totals	<u>\$ 1,883,302</u>	<u>\$ 1,599,428</u>

CITY OF BAKER SCHOOL SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2013

Long-term debt

The School System's long-term debt consists of a loan payable, the liability for compensated absences, claims and judgments and an obligation for postemployment benefits (OPEB) (See table below.)

Long-Term Debt at June 30,

	<u>2013</u>	<u>2012</u>
Start-up loan	\$ 73,930	\$ 110,897
Claims and judgments	102,000	92,000
Net other postemployment benefit obligation	1,616,613	1,141,400
Compensated absences	<u>345,960</u>	<u>271,100</u>
	<u>\$ 2,138,503</u>	<u>\$ 1,615,397</u>

No debt was issued during fiscal 2013. The OPEB obligation increased due to the accrued cost of retirement health benefits exceeding the amounts paid for those benefits.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Budget amendments were adopted during the year ended June 30, 2013 for the General Fund to better reflect actual operations as they evolved through the fiscal year. There were no major changes upon amendment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

For 2013 – 2014 the School System is facing increasing employee benefit cost for retirement system contributions as well as health insurance. Tax revenues are projected to remain static over the prior fiscal year. An increase in MFP is expected based on increased enrollment. A break even budget was adopted for fiscal 2013 – 2014 for the General Fund. The City of Baker School System's elected and appointed officials considered the following factors and indicators when setting next year's budget. These factors and indicators include:

- Ad valorem and sales tax revenues are expected to remain constant.
- MFP revenue is projected to increase based on an anticipated increase in enrollment.
- Expenditures have been budgeted to experience an increase from the prior year due to increased enrollment and personnel requirements as a result.

CONTACTING THE CITY OF BAKER SCHOOL SYSTEM'S MANAGEMENT

This financial report is designed to provide a general overview of the School System's finances for those with an interest in the government's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ulysses Joseph, Superintendent, City of Baker School System, P.O. Box 680, Baker, LA 70704-0680, 225-774-5795.

INDEPENDENT AUDITORS' REPORT

The Members of the
City of Baker School System
Baker, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Baker School System (School System) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Baker School System as of June 30, 2013 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedule of funding progress and schedule of employer contributions for other post-employment benefit plans presented on pages i–vi, 34 through 39, and 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baker School System basic financial statements. The combining non-major fund financial statements, and the schedule of compensation paid to board members, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the schedule of compensation paid to board members, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, the schedule of compensation paid to board members, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The performance and statistical data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the City of Baker School System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Baker School System's internal control over financial reporting and compliance.

Postlethwaite & Nettville

Baton Rouge, Louisiana
December 20, 2013

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS AND DEFERRED OUTFLOWS

ASSETS

Cash and cash equivalents	\$ 11,192,522
Investments	220,499
Receivables	
Sales tax	473,703
Due from other governments	1,216,325
Other	24,735
Inventory	37,381
Capital assets, net of accumulated depreciation	1,883,302
Other assets	45,542
	<hr/>
TOTAL ASSETS	15,094,009

DEFERRED OUTFLOWS

TOTAL ASSETS AND DEFERRED OUTFLOWS

\$ 15,094,009

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

LIABILITIES

Salaries payable and accrued expenses	\$ 794,459
Long-term liabilities	
Due within one year	70,638
Due in more than one year	2,067,865
	<hr/>
TOTAL LIABILITIES	2,932,962

DEFERRED INFLOWS

NET POSITION

Net investment in capital assets	1,883,302
Restricted for federal and state grant programs	102,307
Unrestricted	10,175,438
	<hr/>
TOTAL NET POSITION	<hr/> \$ 12,161,047 <hr/>

The accompanying notes are an integral part of this statement.

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in Net
			Contributions	Position
				Governmental
				Activities
Instruction:				
Regular education programs	\$ 7,106,253	\$ -	\$ 961,202	\$ (6,145,051)
Special education programs	1,590,323	-	215,110	(1,375,213)
Other education programs	2,143,752	-	289,967	(1,853,785)
Support Services:				
Pupil support services	1,016,413	434,624	137,482	(444,307)
Instructional staff services	1,064,675	-	144,010	(920,665)
General administration services	756,263	-	102,293	(653,970)
School administration services	1,317,374	-	178,190	(1,139,184)
Business and central services	789,033	-	106,726	(682,307)
Plant operation and maintenance	1,996,676	-	270,073	(1,726,603)
Transportation	704,700	-	95,319	(609,381)
Food services	1,217,586	30,790	164,693	(1,022,103)
Other	255,188	-	34,517	(220,671)
Total Governmental Activities	19,958,236	465,414	2,699,582	(16,793,240)
General Revenues				
Taxes:				
Ad valorem taxes				1,861,664
Sales and use taxes				2,971,848
Grants and contributions not restricted to specific purposes:				
Minimum foundation program				11,288,574
Interest and investment earnings				14,188
Miscellaneous				79,528
Total general revenues				16,215,802
Change in Net Position				(577,438)
Net Position - July 1, 2012, as restated				12,738,485
Net Position - June 30, 2013				\$ 12,161,047

The accompanying notes are an integral part of this statement.

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General	School Food Service	Special Education	Title I
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,967,910	\$ 64,036	\$ 4,275	\$ 7,340
Investments	220,499	-	-	-
Receivables				
Sales tax	473,703	-	-	-
Due from other governments	16,713	86,258	218,650	571,411
Other	11,125	13,387	-	-
Due from other funds	1,355,268	-	-	-
Prepaid expenses	45,542	-	-	-
Inventory	-	37,381	-	-
TOTAL ASSETS	\$ 6,090,760	\$ 201,062	\$ 222,925	\$ 578,751
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,178
Salaries and benefits payable	783,912	-	-	-
Due to other funds	-	194,783	218,650	569,573
TOTAL LIABILITIES	783,912	194,783	218,650	578,751
Fund balances:				
Nonspendable	45,542	37,381	-	-
Spendable:				
Restricted	-	-	4,275	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	5,261,306	(31,102)	-	-
TOTAL FUND BALANCES	5,306,848	6,279	4,275	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,090,760	\$ 201,062	\$ 222,925	\$ 578,751

The accompanying notes are an integral part of this statement.

Capital Projects	Other Non-Major	Total
\$ 7,038,195	\$ 110,766	\$ 11,192,522
-	-	220,499
-	-	473,703
-	323,293	1,216,325
-	223	24,735
-	-	1,355,268
-	-	45,542
-	-	37,381
<u>\$ 7,038,195</u>	<u>\$ 434,282</u>	<u>\$ 14,565,975</u>

\$ -	\$ 1,369	\$ 10,547
-	-	783,912
-	372,262	1,355,268
-	373,631	2,149,727

-	-	82,923
-	60,651	64,926
7,038,195	-	7,038,195
-	-	-
-	-	5,230,204
<u>7,038,195</u>	<u>60,651</u>	<u>12,416,248</u>

<u>\$ 7,038,195</u>	<u>\$ 434,282</u>	<u>\$ 14,565,975</u>
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CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2013

Total Fund Balances at June 30, 2013 - Governmental Funds \$ 12,416,248

Amounts reported for governmental activities in the statement of net position are
different due to the following:

Cost of capital assets at June 30, 2013	\$ 8,498,355	
Less: Accumulated Depreciation as of June 30, 2013	<u>(6,615,053)</u>	1,883,302

Long-term liabilities are not due and payable in the current period
and therefore not reported in the governmental funds

Long-term liabilities at June 30, 2013:

Start-up loan	(73,930)	
Claims payable	(102,000)	
Compensated absences payable	(345,960)	
Net other post-employment benefit obligation	<u>\$ (1,616,613)</u>	<u>(2,138,503)</u>

Total net position at June 30, 2013 - Governmental Activities \$ 12,161,047

The accompanying notes are an integral part of this statement.

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>School Food Service</u>	<u>Special Education</u>
<u>REVENUES</u>			
Local sources:			
Ad valorem taxes	\$ 1,861,664	\$ -	\$ -
Sales and use taxes	2,971,848	-	-
Transportation fees	-	-	-
Earnings on investments	14,188	-	-
Food sales	-	30,790	-
Other	4,559	-	-
State sources:			
Minimum foundation program (MFP)	11,271,124	17,450	-
Restricted grants-in-aid	41,192	-	-
Other	477,826	-	-
Federal grants	-	805,671	420,591
TOTAL REVENUES	16,642,401	853,911	420,591
<u>EXPENDITURES</u>			
Current:			
Instruction:			
Regular education programs	6,858,914	-	-
Special education programs	1,184,252	-	316,864
Other education programs	1,062,579	-	3,292
Support:			
Pupil support services	983,413	-	-
Instructional staff services	775,277	-	100,072
General administration services	620,673	-	-
School administration services	1,251,865	-	-
Business and central services	874,418	-	-
Plant operation and maintenance	1,796,987	-	-
Transportation	645,226	-	205
Food services	4,907	1,129,686	-
Facility acquisition and construction	-	-	-
Debt service - principal	36,966	-	-
Debt service - interest	-	-	-
TOTAL EXPENDITURES	16,095,477	1,129,686	420,433
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 546,924	\$ (275,775)	\$ 158

Title I	Capital Projects	Other Non-Major	Total
\$ -	\$ -	\$ -	\$ 1,861,664
-	-	-	2,971,848
-	-	-	-
-	-	-	14,188
-	-	-	30,790
-	-	-	4,559
-	-	-	11,288,574
-	-	113,895	155,087
-	-	31,767	509,593
852,334	-	465,899	2,544,495
852,334	-	611,561	19,380,798
-	-	175,505	7,034,419
-	-	-	1,501,116
697,796	-	361,135	2,124,802
-	-	1,512	984,925
120,074	-	48,354	1,043,777
-	-	-	620,673
-	-	-	1,251,865
-	-	-	874,418
-	-	-	1,796,987
15,186	-	-	660,617
-	-	-	1,134,593
-	653,846	-	653,846
-	-	-	36,966
-	-	-	-
833,056	653,846	586,506	19,719,004
\$ 19,278	\$ (653,846)	\$ 25,055	\$ (338,206)

(continued)

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>School Food Service</u>	<u>Special Education</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(5,152,469)	-	(527)
Transfers in	26,249	352,155	-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(5,126,220)</u>	<u>352,155</u>	<u>(527)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	(4,579,296)	76,380	(369)
Fund Balance, June 30, 2012, as restated	<u>9,886,144</u>	<u>(70,101)</u>	<u>4,644</u>
 FUND BALANCES, JUNE 30, 2013	 <u><u>\$ 5,306,848</u></u>	 <u><u>\$ 6,279</u></u>	 <u><u>\$ 4,275</u></u>

The accompanying notes are an integral part of this statement.

<u>Title I</u>	<u>Capital Projects</u>	<u>Other Non-Major</u>	<u>Total</u>
(19,278)	-	(6,444)	(5,178,718)
-	4,800,000	314	5,178,718
(19,278)	4,800,000	(6,130)	-
-	4,146,154	18,925	(338,206)
-	2,892,041	41,726	12,754,454
<u>\$ -</u>	<u>\$ 7,038,195</u>	<u>\$ 60,651</u>	<u>\$ 12,416,248</u> (concluded)

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds	\$ (338,206)
---	--------------

Amounts reported for governmental activities in the statement of activities
are different due to the following:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Capital outlay and other expenditures capitalized	\$ 398,660	
Depreciation expense for year ended June 30, 2013	<u>(114,786)</u>	283,874

Principal portion of debt service payments	36,966
--	--------

Expenses reported in the statement of activities do not require the
use of current financial resources and therefore are not
reported as expenditures in governmental funds.

Change in claims payable	(10,000)	
Change in post-employment benefit obligation	(475,213)	
Change in compensated absences payable	<u>\$ (74,859)</u>	<u>(560,072)</u>

Change in Net Position - Governmental Activities	<u><u>\$ (577,438)</u></u>
--	----------------------------

The accompanying notes are an integral part of this statement.

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents - School Activity Accounts	<u>\$ 133,162</u>
TOTAL ASSETS	<u><u>133,162</u></u>
<u>LIABILITIES</u>	
Amounts held for others	<u>133,162</u>
TOTAL LIABILITIES	<u><u>\$ 133,162</u></u>

The accompanying notes are an integral part of this statement

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Baker School System (School System) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting.

A. REPORTING ENTITY

The City of Baker School System was created by Louisiana Revised Statute LSA-R S 17:51 to provide public education within the boundaries of the City of Baker School System. The School System is authorized by LSA-R S 17:81 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School System is comprised of five members who are elected from five districts for terms of four years.

The School System operates five schools within the parish with a total enrollment of approximately 1,750 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School System provides transportation and school food services for the students.

The Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School System is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School System may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School System also has no *component units*, defined by GASB as other legally separate organizations for which the elected School System members are financially accountable. There are no other primary governments with which the School System has a significant relationship.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Government-Wide Financial Statements present all of the non-fiduciary fund activity of the School System and were prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. Sales taxes are recognized when the underlying sales transactions occur and property taxes are recognized when a legally enforceable claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Government-Wide Financial Statements (continued)

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. This statement demonstrates the degree to which direct expenses of a given function are offset by program revenues. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School System's general revenues. Charges for services are primarily derived from cafeteria sales. Operating grants and contributions consist of the many educational grants received from the federal and state government.

The School System reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

Fund Financial Statements (FFS)

The accounts of the School System are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are maintained consistent with legal and managerial requirements.

The funds of the School System are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follow:

Governmental Funds

Governmental Funds are used to account for the School System's activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of fixed assets, and the servicing of long-term debt. The School System reports the following major governmental funds:

General Fund is the primary operating fund of the School System. It accounts for all financial resources of the School System, except those required to be accounted for in another fund.

School Food Service Fund is used to account for activities of the School System's food service program.

Special Education Fund is used to account for amounts received under *The Individuals with Disabilities Education Act (IDEA)* which is a federally financed program providing free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Governmental Funds (continued)

Title I Fund is used to account for federal grants received under the umbrella of Title One as revised by the No Child Left Behind Act. The purpose of Title I is to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Services supplement, not supplant, those normally provided by state and local educational agencies..

Capital Projects Fund is used to account for various major capital improvements.

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School System considers all revenues available if they are collected within 6 months after year-end, or within 60 days after year-end for property taxes. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in current net position. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recognized when a legally enforceable claim arises (generally when levied) and the resources are available.

Sales and use taxes are recognized when the underlying exchange transaction occurs and the resources are available.

Entitlements and shared revenues (which include the state Minimum Foundation Program revenue, state revenue sharing, and federal and state grants) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Other receipts become measurable and available when cash is received by the School System and are recognized as revenue at that time.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (continued)

Expenditures

Salaries and benefits are recorded as earned. Salaries for nine-month employees are accrued at June 30.

Vendor payments are recorded as the obligation is incurred.

Other Financing Sources (Uses) consist of transfers between funds that are not expected to be repaid, capital lease transactions, sales of fixed assets, debt extinguishments, and long-term debt proceeds, and are recognized at the time the underlying events occur.

Fiduciary Funds

An Agency Fund is a Fiduciary Fund which is custodial in nature (assets equal liabilities) and does not present results of operations or have a measurement focus. The agency fund consists of the school activity accounts which accounts for assets held by the School System as an agent for the individual schools and school organizations. Agency funds are accounted for on the accrual basis of accounting.

C. CASH AND INVESTMENTS

Cash consists of demand deposits. Time deposits and those investments with original maturities of 90 days or less are categorized as cash.

Under state law, the School System may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Investments are generally restricted to debt securities backed by the U.S. Government or its agencies.

D. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables/payables on the governmental funds balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

E. ELIMINATION AND RECLASSIFICATIONS

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. INVENTORY

Inventory of the school food service special revenue fund consists of food purchased by the School System and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when consumed; however, all inventory items are recorded as expenditures when used. All purchased inventory items are valued at cost using first-in, first-out (FIFO) method, and commodities are assigned values based on information provided by the U. S. Department of Agriculture.

G. CAPITAL ASSETS

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School System maintains a \$5,000 threshold level for capitalizing assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All depreciable capital assets are depreciated using the straight-line method over their estimated lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School System, no salvage value is taken into consideration for depreciation purposes. Useful lives are approximately 5 to 10 years for furniture and equipment; and 40 years for buildings and improvements.

H. COMPENSATED ABSENCES

All 12-month employees earn up to twenty days of vacation leave each year, depending on their length of service with the School System. Vacation leave can be accumulated up to 50 days. Upon separation, all unused vacation is paid to the employee.

All School System employees earn a certain amount of sick leave each year, depending upon the length of service and employment status. Sick leave can be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement computation as earned service.

The School System's recognition and measurement criteria for compensated absences follows:

Accounting standards provide that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. COMPENSATED ABSENCES (continued)

Accounting standards further provide that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The School System uses this approach.

I. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

J. FUND BALANCE OF FUND FINANCIAL STATEMENTS

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable - represent balances that are not expected to be converted to cash.

Spendable

Restricted - represent balances where constraints have been established by parties outside of the School System or by enabling legislation.

Committed - represent balances where constraints have been established by formal action of the Board of the School System. A simple majority vote in a public meeting is required to establish, modify, or rescind a fund balance commitment.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. FUND BALANCE OF FUND FINANCIAL STATEMENTS (continued)

Assigned - represent balances where informal constraints have been established by the School System or committee or delegate thereof, but are not restricted nor committed.

Unassigned - represent balances for which there are no constraints.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, the School System reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the School System reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

K. INTERFUND ACTIVITY

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. (Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.) All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

L. SALES AND USE TAXES

The voters of the City of Baker School System authorized the School System to levy and collect a permanent sale and use tax for 2% of all taxable activity within the geographical confines of the school district. Revenues generated by the tax must be used to supplement other revenues available to the School System, to pay for salary and benefits of school personnel, and to maintain and operate the school system.

The receipt and expenditure of the sales and use taxes are included in the operations of the General Fund.

M. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. NEW ACCOUNTING STANDARDS ADOPTED

During the year ended June 30, 2013, the School Board implemented the following new accounting standards:

- GASB Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement does not change the School Board as a financial reporting entity.
- GASB Statement No. 62 (GASB 62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in specified pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Statement establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the residual amount of the other elements). The statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of the Statement in the School System's financial statement was the renaming of "Net Assets" to "Net Position", including changing the name of the financial statements from "Statement of Net Assets" to "Statement of Net Position."

2. AD VALOREM TAXES

The School System levies taxes on real and business personal property located within the City of Baker's boundaries. Property taxes are levied by the School System on property values assessed by the East Baton Rouge Parish Tax Assessor, except for public utility property which is assessed by the Louisiana Tax Commission. Assessed values are approved by the Louisiana Tax Commission. The East Baton Rouge Parish Sheriff's Office bills and collects property taxes for the School System. Collections are remitted to the School System monthly.

Ad valorem taxes are assessed and levied on a calendar year basis by the East Baton Rouge Parish Assessor's Office, based on the assessed value on January 1 of the assessment year. However, before taxes can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are billed on November 30, and are due by December 31. An enforceable lien attaches on the property as of January 1. As of December 31, taxes become delinquent and interest and penalty accrue. Taxes are generally collected in January, February and March of the following fiscal year.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. AD VALOREM TAXES (continued)

Total net assessed value less homestead exemption was \$43,220,750 in calendar year 2012. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recorded in the general fund on the basis explained in Note 1. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises to the extent available. All taxes are considered fully collectible; therefore, no allowance for uncollectible taxes is provided.

A summary of the various taxes levied for 2012 is as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
City-wide taxes			
Constitutional tax	5.00	5.00	N/A
Special school maintenance tax	38.20	38.20	12/31/2022

3. DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of the School System's deposits with the financial institutions was \$11,325,684 and the bank balance was \$12,717,081 at June 30, 2013. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School System's deposits may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The School System had no custodial credit risk as of June 30, 2013.

Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and school districts.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (continued)

Investments

The School System has investments in a local government investment pool that is administered by a non-profit corporation, LAMP, Inc. This corporation was organized under the laws of the State of Louisiana, and its purpose is to provide a safe environment for the placement of public fund in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S.33:2955. This design allows participants immediate access to their funds. The investments in LAMP are stated at fair value based on quoted market rates determined on a weekly basis. The balance of this account at June 30, 2013, was \$220,499.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- LAMP is rated AAA by Standard & Poor's.
- LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.
- LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2013 is as follows:

	Land	Work in Process	Buildings and Improvements	Furniture, Fixtures & Equipment	Total
<u>Cost:</u>					
at June 30, 2012	\$ 149,536	\$ -	\$ 7,514,077	\$ 436,082	\$ 8,099,695
Additions	-	247,236	-	151,424	398,660
Deletions	-	-	-	-	-
at June 30, 2013	<u>149,536</u>	<u>247,236</u>	<u>7,514,077</u>	<u>587,506</u>	<u>8,498,355</u>
<u>Accumulated depreciation:</u>					
at June 30, 2012	-	-	(6,091,269)	(408,998)	(6,500,267)
Additions	-	-	(76,130)	(38,656)	(114,786)
Deletions	-	-	-	-	-
at June 30, 2013	<u>-</u>	<u>-</u>	<u>(6,167,399)</u>	<u>(447,654)</u>	<u>(6,615,053)</u>
Total	<u>\$ 149,536</u>	<u>\$ 247,236</u>	<u>\$ 1,346,678</u>	<u>\$ 139,852</u>	<u>\$ 1,883,302</u>

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (continued)

Depreciation expense of \$114,786 for the year ended June 30, 2013 was charged to the following governmental functions:

Regular education programs	\$	14,293
Special education programs		3,047
Other education programs		4,317
Pupil support services		2,001
Instructional staff services		2,121
General administrative services		1,261
School administration services		2,543
Business and central services		1,776
Plant operation and maintenance		79,781
Transportation		1,342
Food services		2,304
	\$	<u>114,786</u>

5. RETIREMENT SYSTEMS

Substantially all employees of the School System are members of the Teachers' Retirement System of Louisiana (TRSL) or Louisiana School Employees Retirement System (LSERS). These systems are cost sharing, multiple-employer defined benefit plans administered by separate boards of trustees. Pertinent information relative to each plan follows.

Under the TRSL Regular Plan, there are two retirement formulas: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least 10 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRSL Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 25 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 3% times the average salary of the 36 highest successive months.

Funding Policy: As provided by statute, the School System contributes to the TRSL based upon a percentage of covered payroll. State statutes also require covered employees to contribute a percentage of their salaries to the system. The contribution rates in effect for the year ended June 30, 2013 were as follows:

	<u>School System</u>	<u>Employees</u>
Regular plan	24.50%	8.00%
Plan A	30.00%	9.10%

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT SYSTEMS (continued)

As further provided by the statute, employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School System's contributions to the TRSL plans for the years June 30, 2013 and 2012 were \$3,088,486 and \$2,510,091, respectively, equal to the statutorily required contributions in each year.

The TRSL issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System, P. O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (225) 925-6446.

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 3.33% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Funding Policy: As provided by statute, the School System contributes to the LSERS based upon a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2013 were 30.80% and 8.0%, for the School System and existing employees, respectively. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by the statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School System's contributions to the LSERS plan for the years June 30, 2013 and 2012 were \$192,203 and \$183,637, respectively, equal to the statutorily required contributions in each year.

The LSERS issues an annual, public-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, 8660 United Plaza Blvd, Baton Rouge, Louisiana 70809 or by calling (225) 925-6484.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The School System provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School System's employees become eligible for these benefits if they reach normal retirement age while working for the School System. These benefits for retirees and similar benefits for active employees are provided through the State Employees' Group Benefits Program whose monthly premiums are paid jointly by the employee and the School System. The School System accounts for these benefits according to *GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pensions* (GASB 45).

Plan Description – The City of Baker School Board's medical benefits are provided to employees upon actual retirement.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

The Louisiana Office of Group Benefits (OGB) involves several statewide networks and one HMO with a premium structure by region. The plan provisions are contained in the official plan documents of the OGB, available at www.groupbenefits.org - "Quick Links" - "Health Plans". The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an *agent multiple-employer plan* (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes. The OGB "Medicare Advantage" plan (see rate exhibit in Appendix II) has been assumed as an alternative to those employees after Medicare eligibility for purposes of this valuation, and the School System has assumed that 12.5% of post-Medicare eligibility retirees elect that plan. Medical benefits are provided to employees upon actual retirement. Most employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 65 and 20 years of service. The remainder of employees are covered by the Louisiana School Employees' Retirement System (LSER) whose retirement (D.R.O.P. entry) eligibility provisions are the same as TRSL except that they are also eligible to retire at age 60 and 10 years of service.

Life insurance coverage under the OGB program is available to retirees by election and the blended rate (active and retired) is \$0.96 per \$1,000 of insurance. The employer pays 50% of the "cost" of the retiree life insurance, but based on the blended rates. Since GASB 45 requires the use of "unblended" rates, the School System has used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced at age 65 and again at age 70 according to the OGB plan provisions.

Contribution Rates – Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy – Until 2009, the City of Baker School Board recognized the cost of providing post-employment medical benefits (the City of Baker School Board's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2013 and 2012, the City of Baker School Board's portion of health care funding cost for retired employees totaled \$61,387 and \$56,840, respectively.

Effective July 1, 2009, the City of Baker School Board implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

For the fiscal year ending June 30, 2013, the School System's portion of health care and life insurance cost funded for retired employees totaled \$61,837. This amount was applied toward the Net OPEB Benefit Obligation.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

Annual Required Contribution – The City of Baker School Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2013	2012
Normal cost	\$ 298,699	\$ 287,211
30-year UAL amortization amount	258,252	248,319
Annual required contribution (ARC)	\$ 556,951	\$ 535,530

Net Post-employment Benefit Obligation. The table below shows the City of Baker School Board's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	2013	2012
Beginning Net OPEB Obligation	\$ 1,141,400	\$ 674,741
Annual required contribution	556,951	535,529
Interest on Net OPEB Obligation	45,656	26,990
ARC Adjustment	(66,007)	(39,020)
OPEB Cost	536,600	523,499
Contribution to Irrevocable Trust	-	-
Current year retiree premium	(61,387)	(56,840)
Change in Net OPEB Obligation	475,213	466,659
Ending Net OPEB Obligation	\$ 1,616,613	\$ 1,141,400

The following table shows the City of Baker School Board's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical & Life	June 30, 2013	\$ 536,600	11.44%	\$ 1,616,613
Medical & Life	June 30, 2012	\$ 523,499	10.86%	\$ 1,141,400
Medical & Life	June 30, 2011	\$ 354,760	4.82%	\$ 674,741

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress. In 2013 and 2012, the City of Baker School Board made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2011 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) was \$4,465,715 which is defined as that portion, as determined by a particular actuarial cost method (the City of Baker School Board uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2013	2012
Actuarial Accrued Liability (AAL)	\$ 4,465,715	\$ 4,293,957
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ 4,465,715	\$ 4,293,957
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 10,261,493	\$ 11,449,193
UAAL as a percentage of covered payroll	43.52%	37.50%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Baker School Board and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Baker School Board and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Baker School Board and plan members in the future.

Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate – An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%.

Post employment Benefit Plan Eligibility Requirements. It is assumed that entitlement to benefits will commence four years after earliest eligibility to enter the D.R.O.P. This consists of a three year D.R.O.P. period plus an additional one year delay. Medical benefits are provided to employees upon actual retirement. Most employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service. The remainder of employees is covered by the Louisiana School Employees' Retirement System (LSER) whose retirement (D.R.O.P. entry) eligibility provisions are the same as TRSL except that they are also eligible to retire at age 60 and 10 years of service. Entitlement to benefits continues through Medicare to death

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2010 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Zero trend has been assumed for valuing life insurance.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The rates provided are "blended" rates for active and retired. Since GASB 45 requires the use of "unblended" rates, we have used estimated "unblended" rates as follows. The pre-Medicare employer provided rates were determined by adding 30% to the currently prevailing blended rates. The post-Medicare employer provided rates were determined by subtracting 20% from the currently prevailing blended rates.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

7. AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in school activities agency fund deposits due others for the year ended June 30, 2013 follows:

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Agency Funds:				
School Activities Accounts	\$ 133,342	\$ 363,778	(\$ 363,958)	\$ 133,162

8. LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term obligations for the year ended June 30, 2013:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>	<u>Amount due in one year</u>
Start-Up Loan	\$ 110,897	\$ -	\$ (36,967)	\$ 73,930	\$ 36,966
Claims & Judgments	92,000	10,000	-	102,000	-
Net Postemployment					
Benefit Obligation	1,141,400	536,600	(61,387)	1,616,613	-
Compensated Absences	271,100	299,300	(224,440)	345,960	33,672
	<u>\$1,615,397</u>	<u>\$845,900</u>	<u>\$(322,794)</u>	<u>\$ 2,138,503</u>	<u>\$ 70,638</u>

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. LONG-TERM LIABILITIES (continued)

The majority of the long-term liabilities will be liquidated through the General Fund.

During the year ended June 30, 2000, in order to assist with start-up costs, the School System entered into an intergovernmental loan agreement with the State of Louisiana Department of Education (the State) authorized by the Louisiana Legislature in the 1999 Regular Session. The State loaned the City of Baker School System \$400,000 at a rate not to exceed 4%. Payments were deferred until July 1, 2003 with the payments commencing on August 1, 2003 and ending July 1, 2013. Per Senate Bill 363, Act 638, of the 2004 Regular Legislative Session the School System was released from the obligation to pay interest owed to the Department of Education. The Act further stated that the School System pay the remaining principal (\$369,657) in ten equal annual installments of \$36,965. The first annual installment was deferred until August 1, 2005 and the remaining nine equal installments were due by August 1st of each year thereafter. Principal payments are due as follows:

<u>Years Ending</u> <u>June 30</u>	<u>Principal</u>
2014	\$ 36,965
2015	36,965
Total	<u>\$ 73,930</u>

In accordance with LSA-R.S. 39:562(L), the School System is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2013, the statutory limit is \$5,009,986.

9. INTERFUND TRANSACTIONS

<u>Interfund Receivable</u>		<u>Interfund Payable</u>	
General	\$ 1,355,268	General	\$ -
School Food	-	School Food	194,783
Special Education	-	Special Education	218,650
Title I	-	Title I	569,573
Other governmental	-	Other governmental	372,262
	<u>\$ 1,355,268</u>		<u>\$ 1,355,268</u>

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. INTERFUND TRANSACTIONS (continued)

The primary purpose of interfund advances is to cover expenditures on cost reimbursement grant programs until reimbursements are received from the granting agencies.

<u>Transfers In</u>		<u>Transfers Out</u>	
General	\$ 26,249	General	\$ 5,152,469
School Food	352,155	School Food	-
Special Education	-	Special Education	527
Title I	-	Title I	19,278
Capital Projects	4,800,000	Capital Projects	-
Other governmental	314	Other governmental	6,444
	<u>\$ 5,178,718</u>		<u>\$ 5,178,718</u>

The purpose of interfund transfers is to cover operating expenditures of the general fund through indirect cost recoveries charged to grant programs and to transfer general fund surplus to the capital projects fund to be used for capital improvements.

10. RISK MANAGEMENT

The School System manages its exposure under general liability, fleet, workers' compensation, and errors and omissions through the purchase of commercial insurance.

11. LITIGATION AND CLAIMS

Litigation. The School System is a defendant in several lawsuits. Management and legal counsel for the School System believe that the potential claims against the School System not covered by insurance would not materially affect the School System's financial position. An accrual of \$102,000 has been made within the statement of net position to cover any potential exposure.

Grant Disallowances. The School Board participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach as well as audits conducted by the Louisiana and U.S. Departments of Education. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants.

12. OPERATING LEASES

The School System leases school buses through various lease arrangements which qualify as operating leases. The pricing for the agreements are based on the quantity of buses needed. The lease payments are to be made on a monthly basis. The leases range from a period of one year to five years. The School System also rents office space under the terms of an operating lease. Monthly payments under this lease agreement total \$40,020. The lease expires in March 2014.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO THE BASIC FINANCIAL STATEMENTS

12. OPERATING LEASES (continued)

Management has estimated that the minimum future lease payments under non-cancellable lease agreements in effect at June 30, 2013 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2014	\$ 193,223
2015	96,500
2016	96,500
2017	48,000
	<u>\$ 434,223</u>

Lease payments made during June 30, 2013 totaled approximately \$131,959 for the school bus lease arrangement and \$27,435 for the central office building lease.

13. RESTATEMENT OF PRIOR YEAR NET POSITION/FUND BALANCE

Net position and fund balance of the General Fund of the School System were restated for June 30, 2012 for reissued checks that were not appropriately voided in the accounting system and amounts due from other governments not recorded in the proper period.

The net effect to the Statement of Net Position for the prior period is as follows:

Net position, June 30, 2012,	
as previously reported	\$ 12,443,092
Amounts due from other governments	98,491
Adjustment for voided checks	<u>196,902</u>
Net position, June 30, 2012, as restated	<u>\$ 12,738,485</u>

The net effect to the Balance Sheet of the General Fund for the prior period is as follows:

Fund balance, June 30, 2012,	
as previously reported	\$ 9,590,751
Adjustment for voided checks	196,902
Amounts due from other governments	<u>98,491</u>
Fund balance, June 30, 2012, as restated	<u>\$ 9,886,144</u>

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 20, 2013, and determined that no events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

CITY OF BAKER SCHOOL SYSTEM
REQUIRED SUPPLEMENTAL INFORMATION

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:				
Ad valorem taxes	\$ 1,690,000	\$ 1,742,240	\$ 1,861,664	\$ 119,424
Sales and use taxes	3,030,500	2,967,649	2,971,848	4,199
Transportation fees	-	-	-	-
Earnings on investments	12,000	12,000	14,188	2,188
Other	6,300	6,000	4,559	(1,441)
State sources:				
Minimum foundation program (MFP)	11,706,157	11,288,574	11,271,124	(17,450)
Restricted grants-in-aid	105,000	66,389	41,192	(25,197)
Other	110,000	443,321	477,826	34,505
Federal grants	-	-	-	-
Total revenues	<u>16,659,957</u>	<u>16,526,173</u>	<u>16,642,401</u>	<u>116,228</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	6,952,132	6,952,132	6,858,914	93,218
Special education programs	1,466,687	1,250,550	1,184,252	66,298
Other education programs	1,425,881	1,110,881	1,062,579	48,302
Support services:				
Pupil support services	956,384	919,880	983,413	(63,533)
Instructional staff services	791,536	791,536	775,277	16,259
General administration services	780,293	780,293	620,673	159,620
School administration services	1,346,304	1,346,304	1,251,865	94,439
Business administration and central services	758,321	758,321	874,418	(116,097)
Plant operation and maintenance	1,497,267	1,697,322	1,796,987	(99,665)
Transportation	648,186	648,186	645,226	2,960
Food service	-	-	4,907	(4,907)
Facilities acquisition and construction	-	-	-	-
Debt Service - Principal	36,966	36,966	36,966	-
Debt Service - Interest	-	-	-	-
Total expenditures	<u>16,659,957</u>	<u>16,292,371</u>	<u>16,095,477</u>	<u>196,894</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$ 233,802	\$ 546,924	\$ 313,122 (continued)

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ -	\$ -	\$ 26,249	\$ 26,249
Operating transfers out	-	(4,800,000)	(5,152,469)	(352,469)
Total other financing sources (uses)	-	(4,800,000)	(5,126,220)	(326,220)
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	(4,566,198)	(4,579,296)	(13,098)
Fund balances, June 30, 2012, as restated	9,590,751	9,590,751	9,886,144	295,393
FUND BALANCES, JUNE 30, 2013	<u>\$ 9,590,751</u>	<u>\$ 5,024,553</u>	<u>\$ 5,306,848</u>	<u>\$ 282,295</u> (concluded)

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

SCHOOL FOOD SERVICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	School Food Service			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:				
Food sales	\$ 65,000	\$ 24,694	\$ 30,790	\$ 6,096
Other	-	-	-	-
State sources:				
Minimum foundation program (MFP)	17,450	17,450	17,450	-
Other	-	-	-	-
Federal grants	811,250	746,997	805,671	58,674
Total revenues	<u>893,700</u>	<u>789,141</u>	<u>853,911</u>	<u>64,770</u>
<u>Expenditures:</u>				
Current:				
Support services:				
Food service	893,700	1,077,732	1,129,686	(51,954)
Total expenditures	<u>893,700</u>	<u>1,077,732</u>	<u>1,129,686</u>	<u>(51,954)</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$ (288,591)	\$ (275,775)	\$ 12,816 (continued)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ -	\$ 358,692	\$ 352,155	\$ (6,537)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>358,692</u>	<u>352,155</u>	<u>(6,537)</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	70,101	76,380	6,279
Fund balances, June 30, 2012	<u>193,221</u>	<u>(70,101)</u>	<u>(70,101)</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 193,221</u>	<u>\$ -</u>	<u>\$ 6,279</u>	<u>\$ 6,279</u> (concluded)

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

SPECIAL EDUCATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	Special Education			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>				
Federal grants	\$ 386,404	\$ 452,511	\$ 420,591	\$ (31,920)
Total revenues	<u>386,404</u>	<u>452,511</u>	<u>420,591</u>	<u>(31,920)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Special education programs	279,954	261,836	316,864	(55,028)
Other education programs	-	-	3,292	(3,292)
Support services:				
Pupil support services	-	36,376	-	36,376
Instructional staff services	101,118	148,543	100,072	48,471
Transportation	4,532	4,456	205	4,251
Total expenditures	<u>385,604</u>	<u>451,211</u>	<u>420,433</u>	<u>30,778</u>
Excess (deficiency) of revenues over expenditures	\$ <u>800</u>	\$ <u>1,300</u>	\$ <u>158</u>	\$ <u>(1,142)</u>
				(continued)
<u>Other financing sources (uses):</u>				
Operating transfers out	\$ <u>(800)</u>	\$ <u>(1,300)</u>	\$ <u>(527)</u>	\$ <u>773</u>
Total other financing sources (uses)	<u>(800)</u>	<u>(1,300)</u>	<u>(527)</u>	<u>773</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	(369)	(369)
Fund balances, June 30, 2012	<u>-</u>	<u>-</u>	<u>4,644</u>	<u>4,644</u>
FUND BALANCES, JUNE 30, 2013	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,275</u></u>	<u><u>4,275</u></u>
				(concluded)

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

TITLE I
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	Title I			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
State sources:				
Restricted grants-in-aid	-	-	-	-
Federal grants	775,477	1,001,897	852,334	(149,563)
Total revenues	<u>775,477</u>	<u>1,001,897</u>	<u>852,334</u>	<u>(149,563)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Other education programs	600,550	799,764	697,796	101,968
Support services:				
Instructional staff services	145,979	157,573	120,074	37,499
Transportation	8,262	21,771	15,186	6,585
Food service	-	-	-	-
Total expenditures	<u>754,791</u>	<u>979,108</u>	<u>833,056</u>	<u>146,052</u>
Excess (deficiency) of revenues over expenditures	\$ <u>20,686</u>	\$ <u>22,789</u>	\$ <u>19,278</u>	\$ <u>(3,511)</u> (continued)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	<u>(20,686)</u>	<u>(22,789)</u>	<u>(19,278)</u>	<u>3,511</u>
Total other financing sources (uses)	<u>(20,686)</u>	<u>(22,789)</u>	<u>(19,278)</u>	<u>3,511</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	-	-
Fund balances, June 30, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2013	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u> (concluded)

CITY OF BAKER SCHOOL SYSTEM

NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

BUDGETS

General Budget Practices. The School System follows these procedures in establishing the budgetary data reflected in the financial statements.

State statute requires budgets to be adopted for the general fund and all special revenue funds.

Each year prior to September, the Superintendent submits to the System proposed annual budgets for the general fund and special revenue funds. Public hearings are conducted, prior to the System's approval, to obtain taxpayer comments. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year-end.

Formal Budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements consist of those presented in the original budget adopted by the System and as amended by the System.

Encumbrances. Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Budget Basis of Accounting. All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the System. Legally, the System must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the System to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School System approves budgets at the function level and management can transfer amounts between line items within a function.

Actual School Food Fund expenditures exceeded fund appropriations by approximately \$52,000.

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH AND LIFE INSURANCE PROGRAMS
YEAR ENDED JUNE 30, 2013

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/13	07/01/11	\$ -	\$ 4,465,715	\$4,465,715	0.00%	\$ 10,261,493	43.52%
06/30/12	07/01/11	-	4,293,957	4,293,957	0.00%	11,449,193	37.50%
06/30/11	07/01/10	-	2,583,148	2,583,148	0.00%	12,290,472	21.02%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Costs Contributed	Increase (Decrease) to Net OPEB Obligation	Net OPEB Obligation
06/30/13	\$ 536,600	\$ 61,387	11.44%	\$ 475,213	\$ 1,616,613
06/30/12	523,499	56,840	10.86%	466,659	1,141,400
06/30/11	354,760	17,088	4.82%	337,672	674,741

CITY OF BAKER SCHOOL SYSTEM

SUPPLEMENTAL INFORMATION

COMBINING NON-MAJOR GOVERNMENTAL FUND STATEMENTS

CITY OF BAKER SCHOOL SYSTEM

NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

Vocational Education This fund accounts for a federal grant, the goal of which is to provide salaries, supplies, and equipment to be used in vocational education programs.

Enhancing Education Through Technology (EETT) This fund accounts for a federal grant, the goal of which is to provide educational enhancement through the use of technology.

Title II This fund accounts for the federal grants which combine the Eisenhower Professional Development State Grants and Class-Size Reduction programs into one program that focuses on preparing, training and recruiting high-quality teachers.

Title IV This fund accounts for a federal grant, the goal of which is to provide drug abuse and prevention education for all students.

Title V This fund accounts for a federal grant, the goal of which is improve student academic achievement and the quality of education for all students.

Louisiana Pre-K 4 This fund accounts for a grant, the goal of which is to promote the school readiness of low-income preschool children by enhancing their cognitive social and emotional development in learning environments.

Hurricane Educator Assistance Program (HEAP) This fund accounts for a federal grant, the goal of which is to help recruit, retain, and compensate educators who commit to work for at least three years in an area in which a major disaster area was declared as a result of Hurricane Katrina or Hurricane Rita.

State Grants Used to account for special non-federal grants received from various departments of the State of Louisiana.

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Vocational Education	EETT	Title II
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 6,572	\$ 69,530
Receivables:			
Other	-	-	-
Due from other governments	28,020	-	106,996
TOTAL ASSETS	\$ 28,020	\$ 6,572	\$ 176,526
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Due to other funds	28,020	-	158,756
TOTAL LIABILITIES	28,020	-	158,756
Fund balances:			
Nonspendable	-	-	-
Spendable			
Restricted	-	6,572	17,770
Unassigned	-	-	-
TOTAL FUND BALANCES	-	6,572	17,770
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,020	\$ 6,572	\$ 176,526

<u>Title IV</u>	<u>Title V</u>	<u>Louisiana PreK - 4</u>	<u>HEAP</u>	<u>State Grants</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 34,664	\$ 110,766
-	-	-	-	223	223
-	-	110,941	-	77,336	323,293
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,941</u>	<u>\$ -</u>	<u>\$ 112,223</u>	<u>\$ 434,282</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,369	\$ 1,369
-	-	110,796	-	74,690	372,262
-	-	110,796	-	76,059	373,631
-	-	-	-	-	-
-	-	145	-	36,164	60,651
-	-	-	-	-	-
-	-	145	-	36,164	60,651
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,941</u>	<u>\$ -</u>	<u>\$ 112,223</u>	<u>\$ 434,282</u>

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
FISCAL YEAR ENDED JUNE 30, 2013

	Vocational Education	EETT	Title II
<u>REVENUES</u>			
State sources:			
Restricted grants-in-aid	\$ -	\$ -	\$ -
Federal grants	28,020	-	209,617
Other	-	-	-
TOTAL REVENUES	28,020	-	209,617
<u>EXPENDITURES</u>			
Current:			
Instruction:			
Regular education programs	-	-	-
Special education programs	-	-	-
Other education programs	26,822	-	156,263
Support:			
Pupil support services	1,512	-	-
Instructional staff services	-	-	48,354
TOTAL EXPENDITURES	28,334	-	204,617
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(314)	-	5,000
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	314	-	-
Transfers out	-	-	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	314	-	(5,000)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>	-	-	-
Fund balances, June 30, 2012	-	6,572	17,770
FUND BALANCES, JUNE 30, 2013	\$ -	\$ 6,572	\$ 17,770

<u>Title IV</u>	<u>Title V</u>	<u>Louisiana PreK - 4</u>	<u>HEAP</u>	<u>State Grants</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 113,895	\$ 113,895
-	-	178,195	50,067	-	465,899
-	-	-	-	31,767	31,767
-	-	178,195	50,067	145,662	611,561
-	-	-	48,656	126,849	175,505
-	-	-	-	-	-
-	-	178,050	-	-	361,135
-	-	-	-	-	1,512
-	-	-	-	-	48,354
-	-	178,050	48,656	126,849	586,506
-	-	145	1,411	18,813	25,055
-	-	-	-	-	314
-	-	-	(1,411)	(33)	(6,444)
-	-	-	(1,411)	(33)	(6,130)
-	-	145	-	18,780	18,925
-	-	-	-	17,384	41,726
\$ -	\$ -	\$ 145	\$ -	\$ 36,164	\$ 60,651

CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 2013

Doris Alexander	\$ 6,000
Shona Boxie	6,600
Dana Carpenter	6,000
Elaine Davis	6,600
Troy Watson	<u>6,000</u>
	<u><u>\$ 31,200</u></u>

REPORTS ON COMPLIANCE AND
INTERNAL CONTROL



Postlethwaite
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENTAL
AUDITING STANDARDS**

To the Members of the
City of Baker School System
Baker, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Baker School System (the School System) as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School System's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the School System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Nettville

Baton Rouge, Louisiana
December 20, 2013



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Members of the
City of Baker School System
Baker, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Baker School System (the School System) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2013. The School System's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulation, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School System's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School System's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Internal Control Over Compliance

Management of the School System is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School System's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 20, 2013

CITY OF BAKER SCHOOL SYSTEM**Baker, Louisiana****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grant Year</u>	<u>Grantor Project Number</u>	<u>CFDA Number</u>	<u>Expenditures 2013</u>
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Pass-through program from Louisiana Department of Agriculture and Forestry:				
Food Distribution - Commodities	12-13		10.555 ⁴	\$ 56,221
Pass-through program from Louisiana Department of Education:				
School Lunch Program	12-13		10.555 ⁴	529,228
School Breakfast Program	12-13		10.553 ⁴	197,269
Summer Feeding	12-13		10.559 ⁴	22,953
				<u>805,671</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-through program from Louisiana Department of Education				
LA - 4 Federal TANF	12-13	28-13-36-68	93.558	178,195
				<u>178,195</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Passed through Louisiana Department of Education:				
Title I Regular Project	12-13	28-13-T1-68	84.010A ¹	810,273
Title I School Improvement TA	12-13	21-13-TA-68	84.377	42,061
Special Education Regular Project	12-13	28-13-B1-68	84.027A ²	417,236
Special Education Preschool Project	12-13	28-13-P1-68	84.173A ²	3,355
Vocational Education - Carl Perkins	12-13	28-13-02-68	84.048A	28,020
Title II Regular Project	12-13	28-13-50-68	84.367A	209,617
Hurricane Educator Assistance Program (HEAP)	07-14	28-08-HE-68	84.938K	50,067
				<u>1,560,629</u>
Total Expenditures of Federal Awards				<u>\$ 2,544,495</u>

¹ Title I Part A Cluster² Special Education Cluster³ Education Technology Cluster⁴ Child Nutrition Cluster

See the accompanying notes to the schedule of expenditures of federal awards.

CITY OF BAKER SCHOOL SYSTEM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Baker School System and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the organization had food commodities totaling \$37,381 in inventory. Commodities received and used during the period ended June 30, 2013 totaled \$40,104.

CITY OF BAKER SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____ yes x no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

10.553, 10.555, 10.559
84.010

Child Nutrition Cluster
Title I Grants to Local Educational Agencies

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.
- The City of Baker School System did not qualify as a low-risk auditee.

CITY OF BAKER SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

CITY OF BAKER SCHOOL SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings – Financial Statement Audit

2012-1 Reconciliation of Fixed Assets

Criteria: LA Revised Statute 24:545(B)(1) requires governments to “maintain records of all lands, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable.” Internal control over financial reporting should include policies and procedures that ensure that controls over fixed assets records provide for these records to be reconciled on a regular basis to ensure the accuracy of current fixed asset costs, current depreciation expense, and to prevent the need for major adjustments to the property accounts at the end of each year.

Condition: Total fixed assets records are not reconciled to the amount reported on the financial statements on a regular basis.

Cause: As a result of budget cuts and cost constraints at the School System, they are not able to hire an individual that can dedicate the time necessary to maintain fixed asset records on a regular basis.

Effect: The School System has a material weakness in their internal control over financial reporting.

Recommendation: The School System should take a more proactive approach to reconciling fixed assets on a regular basis to avoid having major adjustments to the property accounts at the time of the annual audit.

Updated Status: Resolved.

2012-2 Louisiana Local Government Budget Act

Criteria: LA Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more.

Condition: The School System’s School Food actual revenues, in total, fell short of budgeted amounts by 11% and expenditures, in total, exceeded budgeted amounts by 20%.

CITY OF BAKER SCHOOL SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2012-2 Louisiana Local Government Budget Act (continued)

Cause: The School System did not monitor budget to actual expenses on a regular basis for the School Food Program thus preventing them from catching significant differences between actual expenditures and revenues than those that were budgeted.

Effect: The School System is in violation of LA Revised Statute 39:1310. Additionally, the budget variances have contributed to a deficit fund balance.

Recommendation: We recommend that all funds adhere to the adopted budget and monitor compliance. When it becomes apparent that expenditures exceed the budget by 5% or more, or when revenues fall short by 5% or more, the budget should be brought before the Board for amendment.

Updated Status: Resolved.

Findings and Questioned Costs – Major Federal Award Programs

2012-3 Title I (CFDA # 84.010A, 84.389A)

Cash Management

Criteria: OMB Circular A-110, section 215.22 requires governments to request reimbursement of federal grant award dollars for expenditures after they have been purchased through the general fund.

Condition: The School System requested reimbursement for Title I expenditures amounting to approximately \$49,000 that had been coded incorrectly as Title I expenditures.

Questioned Costs: \$49,126.

Cause: The School System does not adequately monitor the coding of expenditures between federal funds to ensure that they are accurate and complete.

Effect: The School System is in violation of OMB Circular A-110, section 215.22.

CITY OF BAKER SCHOOL SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

C. Findings and Questioned Costs – Major Federal Award Programs (continued)

2012-3 Title I (CFDA # 84.010A, 84.389A) (continued)

Cash Management (continued)

Recommendation: We recommend that the School System monitor the coding of federal expenditures to ensure accuracy and completeness before submitting reimbursement requests.

Updated Status: Resolved.

2012-4 Hurricane Educator Assistance Program (CFDA # 84.938K)

Schedule of Federal Awards

Criteria: OMB Circular A-133, section .300 requires governments to identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Condition: The School System miscoded one federal revenue source as state funding, and two state revenue sources as federal funding.

Cause: The School System miscoded the receipt of funding as local, state or federal and a review process does not exist to adequately detect such miscodings.

Questioned Costs: None.

Effect: The School System is in violation of OMB Circular A-133, section .300.

Recommendation: We recommend that the School System monitor the coding of funding received.

Updated Status: Resolved.

CITY OF BAKER SCHOOL SYSTEM
PERFORMANCE AND STATISTICAL DATA

**Independent Accountants' Report
on Applying Agreed-Upon Procedures**

To the Members of the
City of Baker School System

Page 1 of 4

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of City of Baker School System and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of City of Baker School System and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of performance and statistical data are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

Procedure #1:

We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

Results of procedure #1:

In performing the testing on the sample of expenditures/revenues, we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

Education Levels of Public School Staff (Schedule 2)

Procedure #2

We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1st.

Results of Procedure #2:

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2, nor between the schedules and the October 1st payroll records.

Procedure #3

We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule and to school board supporting payroll records as of October 1st.

Results of Procedure #3

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2, nor between the schedules and the October 1st payroll records.

Procedure #4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

Results of Procedure #4:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

Number and Type of Public Schools (Schedule 3)

Procedure #5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I CFDA 84.010 application.

Results of Procedure #5:

We noted no discrepancies between the schools as listed in the Title I application and the list supporting the schools represented in the schedule.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)

Procedure #6

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Results of Procedure #6:

In our sample of 25 employees, we were able to agree only one individual's experience level to the aforementioned listing for full-time teachers, principals and assistant principals in determining if the individual's experience was properly classified on the schedule.

Public Staff Data: Average Salaries (Schedule 5)Procedure #7

We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Results of Procedure #7:

In our sample of 25, we noted reasonableness between the level of compensation that would be appropriate for the education and experience level per the district wide salary schedule and the amount actually paid per the aforementioned listing. Note that reasonableness is considered because the actual pay that was used in the computation of the average and the annual salary the salary schedule may be different due to docs in pay or other factors.

Procedure #8

We recalculated the average salaries and full-time equivalents reported in the schedule.

Results of Procedure #8:

We noted no differences in the averages reported on the schedule and our calculations.

Class Size Characteristics (Schedule 6)Procedure #9

We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Results of Procedure #9

In our sample of 10 classes, we noted 7 of the 10 classes with discrepancies as follows:

Class Size	No. of Students	No. of Students
<u>Test Items</u>	<u>per Schedule 6</u>	<u>per Roll Book</u>
2	20	19
3	17	21
4	19	20
5	14	10
7	22	23
8	23	27
10	21	22

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

Procedure #10

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the City of Baker School System.

Results of Procedure #10:

No differences were noted.

The Graduation Exit Exam for the 21st Century (Schedule 8)

Procedure #11

Information is not applicable for 2013. The information for 2012 and 2011 is shown for historical purposes.

The Iowa Tests (Schedule 9)

Procedure #12

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the City of Baker School System.

Results of Procedure #12

No differences were noted.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of City of Baker School System, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Metterville

December 20, 2013

CITY OF BAKER SCHOOL SYSTEM

BAKER, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)

As of and for the Year Ended June 30, 2013

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - The Graduation Exit Exam

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. The GEE has been discontinued and therefore no new additional scores will be available.

Schedule 9 - The iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7, and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

City of Baker School System

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2013**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 5,734,609	
Other Instructional Staff Activities	640,105	
Instructional Staff Employee Benefits	2,439,757	
Purchased Professional and Technical Services	44,040	
Instructional Materials and Supplies	228,399	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		9,086,910

Other Instructional Activities 14,059

Pupil Support Activities	983,413	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		983,413

Instructional Staff Services	775,278	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		775,278

School Administration	1,251,865	
Less: Equipment for for School Administration	-	
Net School Administration		1,251,865

Total General Fund Instructional Expenditures \$ 12,111,525

Total General Fund Equipment Expenditures \$ 1,700

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	203,517	
Renewable Ad Valorem Tax	1,554,870	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	97,823	
Penalties/Interest on Ad Valorem Taxes	5,454	
Sales and Use Taxes	2,969,989	
Penalties/Interest on Sales and Use Taxes	1,859	
Total Local Taxation Revenue		\$ 4,833,512

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	-	
Earnings from Other Real Property	-	
Total Local Earnings on Investment in Real Property		\$ -

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	45,978	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		\$ 45,978

Nonpublic Textbook Revenue	5,637	
Nonpublic Transportation Revenue	-	
Total State Revenue for Non-public Education		\$ 5,637

City of Baker School System
 Education Levels of Public School Staff
 As of October 1, 2012

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	2	1%	0	0%	0	0%	0	0%
Bachelor's Degree	106	75%	0	0%	0	0%	0	0%
Master's Degree	19	13%	0	0%	5	50%	0	0%
Master's Degree + 30	12	8%	0	0%	3	30%	0	0%
Specialist in Education	1	1%	0	0%	0	0%	0	0%
Ph. D. or Ed. D.	2	1%	0	0%	2	20%	0	0%
Total	142	100%	0	0%	10	100%	0.0	0%

City of Baker School System

Number and Type of Public Schools
For the Year Ended June 30, 2013

Type	Number
Elementary	3
Middle/Jr. High	1
Secondary	1
Combination	0
Total	5

City of Baker School System

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2012

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	0	2	2	0	4
Principals	0	0	2	0	0	1	3	6
Classroom Teachers	25	20	39	12	12	5	29	142
Total	25	20	41	12	14	8	32	152

City of Baker School System

Public School Staff Data
For the Year Ended June 30, 2013

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 44,808	\$ 44,021
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 43,204	\$ 42,593
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	138	125

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

CITY OF BAKER SCHOOL SYSTEM

Class Size Characteristics
As of October 1, 2012

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	71%	201	25%	72	4%	10	0%	-
Elementary Activity Classes	49%	17	17%	6	3%	1	31%	11
Middle/Jr. High	70%	131	25%	46	5%	9	0%	-
Middle/Jr. High Activity Classes	39%	11	32%	9	21%	6	7%	2
High	76%	180	22%	52	2%	4	0%	-
High Activity Classes	98%	63	2%	1	0%	-	0%	-

City of Baker School System

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	3	2.24%	2	1.25%	5	2.89%	2	1.47%	5	3.13%	11	6.36%
Mastery	24	17.91%	23	14.38%	15	8.67%	22	16.18%	23	14.38%	12	6.94%
Basic	55	41.04%	69	43.13%	68	39.31%	45	33.09%	52	32.50%	78	45.09%
Approaching Basic	36	26.87%	32	20.00%	50	28.90%	29	21.32%	43	26.88%	34	19.65%
Unsatisfactory	16	11.94%	34	21.25%	35	20.23%	38	27.94%	37	23.13%	38	21.96%
Total	134	100.00%	160	100.00%	173	100.00%	136	100.00%	160	100.00%	173	100.00%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	1	0.74%	1	0.63%	0	0.00%	1	0.74%	0	0.00%	1	0.58%
Mastery	7	5.15%	8	5.03%	3	1.73%	10	7.35%	5	3.14%	4	2.31%
Basic	45	33.09%	52	32.70%	54	31.21%	39	28.68%	68	42.77%	63	36.42%
Approaching Basic	52	38.24%	64	40.25%	66	38.15%	46	33.82%	43	27.04%	49	28.32%
Unsatisfactory	31	22.79%	34	21.38%	50	28.91%	40	29.41%	43	27.04%	56	32.37%
Total	136	100.00%	159	100.00%	173	100.00%	136	100.00%	159	100.00%	173	100.00%

City of Baker School System

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	1	0.82%	0	0.00%	0	0.00%	1	0.81%	1	0.89%	0	0.00%
Mastery	6	4.92%	2	1.79%	10	9.62%	2	1.63%	1	0.89%	0	0.00%
Basic	49	40.16%	46	41.07%	37	35.58%	41	33.33%	31	27.68%	33	31.73%
Approaching Basic	51	41.80%	47	41.96%	46	44.23%	33	26.83%	44	39.29%	32	30.77%
Unsatisfactory	15	12.30%	17	15.18%	11	10.57%	46	37.40%	35	31.25%	39	37.50%
Total	122	100.00%	112	100.00%	104	100.00%	123	100.00%	112	100.00%	104	100.00%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	3	2.44%	0	0.00%	1	0.97%	0	0.00%	1	0.91%	1	0.97%
Mastery	9	7.32%	9	8.18%	7	6.80%	6	4.88%	4	3.64%	2	1.94%
Basic	43	34.96%	36	32.73%	39	37.86%	61	49.59%	39	35.45%	34	33.01%
Approaching Basic	52	42.28%	43	39.09%	35	33.98%	30	24.39%	40	36.36%	47	45.63%
Unsatisfactory	16	13.01%	22	20.00%	21	20.39%	26	21.14%	26	23.64%	19	18.45%
Total	123	100.00%	110	100.00%	103	100.00%	123	100.00%	110	100.00%	103	100.00%

City of Baker School System

The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced					0	0.00%					2	1.90%
Mastery					2	1.90%					5	4.76%
Basic					38	36.19%					34	32.38%
Approaching Basic					41	39.05%					27	25.71%
Unsatisfactory					24	22.86%					37	35.25%
Total					105	100.00%					105	100.00%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced			0	0.00%	0	0.00%			0	0.00%	0	0.00%
Mastery			5	5.81%	9	9.38%			3	3.49%	0	0.00%
Basic			23	26.74%	31	32.29%			29	33.72%	40	41.67%
Approaching Basic			30	34.88%	27	28.13%			32	37.21%	31	32.29%
Unsatisfactory			28	32.57%	29	30.20%			22	25.58%	25	26.04%
Total			86	100.00%	96	100.00%			86	100.00%	96	100.00%

Note: In 2012 and 2013 the English and Math portions of the GEE were phased out for 10th graders. In 2013, the Science and Social Studies portion was phased out for grade 11.

City of Baker School System

The iLEAP Tests
For the Year Ended June 30, 2013

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	0.66%	1	0.66%	3	1.99%	0	0.00%
Mastery	15	9.93%	17	11.26%	15	9.93%	11	7.28%
Basic	45	29.80%	55	36.42%	33	21.85%	39	25.83%
Approaching Basic	46	30.46%	35	23.18%	52	34.44%	38	25.17%
Unsatisfactory	44	29.14%	43	28.48%	48	31.79%	63	41.72%
Total	151	100.00%	151	100.00%	151	100.00%	151	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0.00%	4	3.25%	0	0.00%	0	0.00%
Mastery	12	9.76%	11	8.94%	4	3.25%	4	3.25%
Basic	55	44.72%	42	34.15%	45	36.59%	50	40.65%
Approaching Basic	31	25.20%	28	22.76%	56	45.53%	33	26.83%
Unsatisfactory	25	20.33%	38	30.89%	18	14.63%	36	29.27%
Total	123	100.00%	123	100.00%	123	100.00%	123	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mastery	5	3.60%	6	4.32%	4	2.90%	2	1.45%
Basic	39	28.06%	47	33.81%	43	31.16%	26	18.84%
Approaching Basic	54	38.85%	24	17.27%	48	34.78%	49	35.51%
Unsatisfactory	41	29.50%	62	44.60%	43	31.16%	61	44.20%
Total	139	100.00%	139	100.00%	138	100.00%	138	100.00%

City of Baker School System

The iLEAP Tests
For the Year Ended June 30, 2013

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	2	1.50%	0	0.00%	0	0.00%	0	0.00%
Mastery	15	11.28%	2	1.52%	4	3.03%	1	0.76%
Basic	48	36.09%	60	45.45%	33	25.00%	57	43.18%
Approaching Basic	41	30.83%	33	25.00%	59	44.70%	34	25.76%
Unsatisfactory	27	20.30%	37	28.03%	36	27.27%	40	30.30%
Total	133	100.00%	132	100.00%	132	100.00%	132	100.00%

District Achievement Level Results	English Language Arts		Mathematics	
	2013		2013	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
Total				

Please note that the grade 9 iLEAP has been dropped by the Department of Education; everything at that level was moved to end of course testing.

The Department of Education will be reviewing End of Course Testing and its potential inclusion for Assurance purposes in time for Assurance submissions next year.

The iLEAP Tests

For the Year Ended June 30, 2012

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	4	3.01%	5	3.76%	1	0.75%	0	0.00%
Mastery	8	6.02%	16	12.03%	12	9.02%	12	9.02%
Basic	49	36.84%	53	39.85%	40	30.08%	44	33.08%
Approaching Basic	34	25.56%	25	18.80%	50	37.59%	28	21.05%
Unsatisfactory	38	28.57%	34	25.56%	30	22.56%	49	36.85%
Total	133	100.00%	133	100.00%	133	100.00%	133	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	2	1.59%	2	1.58%	0	0.00%	0	0.00%
Mastery	9	7.14%	7	5.55%	3	2.38%	2	1.59%
Basic	46	36.51%	43	34.13%	36	28.57%	42	33.33%
Approaching Basic	35	27.78%	37	29.37%	50	39.68%	32	25.40%
Unsatisfactory	34	26.98%	37	29.37%	37	29.37%	50	39.68%
Total	126	100.00%	126	100.00%	126	100.00%	126	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	2	1.36%	2	1.36%	0	0.00%	1	0.68%
Mastery	8	5.44%	8	5.44%	5	3.40%	5	3.40%
Basic	60	40.82%	49	33.33%	40	27.21%	38	25.85%
Approaching Basic	51	34.69%	29	19.73%	73	49.66%	60	40.82%
Unsatisfactory	26	17.69%	59	40.14%	29	19.73%	43	29.25%
Total	147	100.00%	147	100.00%	147	100.00%	147	100.00%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	2	1.32%	1	0.66%	1	0.66%	8	5.30%
Mastery	6	3.95%	2	1.32%	8	5.30%	33	21.85%
Basic	55	36.18%	42	27.63%	50	33.11%	70	46.36%
Approaching Basic	50	32.89%	44	28.95%	48	31.79%	22	14.57%
Unsatisfactory	39	25.66%	63	41.44%	44	29.14%	18	11.92%
Total	152	100.00%	152	100.00%	151	100.00%	151	100.00%

District Achievement Level Results	English Language Arts		Mathematics	
	2012		2012	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
Total				

The iLEAP Tests

For the Year Ended June 30, 2011

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	0.71%	2	1.42%	0	0.00%	0	0.00%
Mastery	14	9.93%	18	12.77%	5	3.57%	4	2.84%
Basic	55	39.01%	58	41.13%	45	32.14%	61	43.26%
Approaching Basic	36	25.53%	30	21.28%	50	35.71%	36	25.53%
Unsatisfactory	35	24.82%	33	23.40%	40	28.58%	40	28.37%
Total	141	100.00%	141	100.00%	140	100.00%	141	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	1	0.86%	2	1.72%	0	0.00%	0	0.00%
Mastery	10	8.62%	3	2.59%	5	4.31%	5	4.31%
Basic	47	40.52%	41	35.34%	35	30.17%	39	33.62%
Approaching Basic	35	30.17%	33	28.45%	42	36.21%	32	27.59%
Unsatisfactory	23	19.83%	37	31.90%	34	29.31%	40	34.48%
Total	116	100.00%	116	100.00%	116	100.00%	116	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0.00%	0	0.00%	3	2.10%	0	0.00%
Mastery	5	3.50%	3	2.10%	4	2.80%	4	2.80%
Basic	49	34.27%	39	27.27%	36	25.17%	29	20.28%
Approaching Basic	51	35.66%	33	23.08%	60	41.96%	45	31.47%
Unsatisfactory	38	26.57%	68	47.55%	40	27.97%	65	45.45%
Total	143	100.00%	143	100.00%	143	100.00%	143	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0.00%	0	0.00%	1	0.93%	1	0.93%
Mastery	5	4.63%	2	1.85%	1	0.93%	8	7.41%
Basic	39	36.11%	35	32.41%	23	21.30%	58	53.70%
Approaching Basic	45	41.67%	32	29.63%	50	46.29%	22	20.37%
Unsatisfactory	19	17.59%	39	36.11%	33	30.55%	19	17.59%
Total	108	100.00%	108	100.00%	108	100.00%	108	100.00%

District Achievement Level Results	English Language Arts		Mathematics	
	2011		2011	
	Number	Percent	Number	Percent
Grade 9				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
Total				

CITY OF BAKER SCHOOL SYSTEM

REPORT TO MANAGEMENT

JUNE 30, 2013

December 20, 2013

Members of the Board and Management
City of Baker School System
Baker, Louisiana

In planning and performing our audit of the financial statements of the City of Baker School System for the year ended June 30, 2013, we considered the School System's internal controls and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that are opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 20, 2013 on the financial statements of the School System.

A. School Activity Fund Account Reconciliation

Condition:

During the performance of our audit procedures, we noted the beginning balance for the Baker High School, School Activity Fund was incorrect in the accounting system used to record cash receipt and disbursement transactions. As a result, the school activity bank account was unable to be reconciled electronically in the accounting system. A manual monthly reconciliation is occurring through a review of each receipt and disbursement. This creates an opportunity for error and an inefficient use of staff resources.

Recommendation:

We recommend that the School System record a journal entry to correct the beginning balance in the accounting system to ensure that the monthly reconciliations can be prepared electronically.

Management's Response:

Management concurs with this finding. Management has complied with the auditor's recommendation and effective immediately, the beginning balance for Baker High School for July 1, 2013 will agree to the balance at 6/30/13.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the School System staff for their cooperation with us during the performance of the audit.

This letter is intended solely for the information and use of the City of Baker School Board, management of the School System and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Postlethwaite & Netterville



3033-B Ray Weiland Drive, Baker, Louisiana 70714
P.O. Box 680, Baker, Louisiana 70704-0680
Phone (225) 774-5795, Fax (225) 774-5797

CITY OF BAKER SCHOOL SYSTEM

www.bakerschools.org

Ulysses Joseph, Superintendent

December 20, 2013

Board Members

Shona P. Boxie
President
District 4

Dana Carpenter,
Ph.D.
Vice President
District 2

Elaine G. Davis
District 1

Troy N. Watson
District 3

Doris Alexander
District 5

To: Whom it may concern

Re: Roll Book - Corrective Action Plan

Problem: For the October 1, 2012 official count there were:

- Some students listed in the hard copy roll books that were not listed on the official count
- Some students listed on the official count that were not in the hard copy roll books

Various potential reasons for the discrepancies with recommended corrective actions:

- Some students enrolled during the summer and their enrollment was subsequent to the "rollover of students and creation of the 2012-2013 student master; therefore, their enrollment was registered in the 2011-2012 school year and not the 2012-2013 school year
- Some students enrolled in the district after the October 1, 2012 benchmark and data submission; therefore were in the roll books but not on the October 1, 2012 count
- Some students enrolled in the district prior to the October 1, 2012 count but dropped prior to the count and therefore were in the roll books but not on the count
- When students begin the school year properly with us but leave prior to October 1, they will not be reflected in the October 1 official state count
- To address the problems incurred when crosschecking the roll books with the state October 1 report, the following directive will be sent to all schools and emphasized with the principals:
 - In advance of the closing of one school year, schools will be given a date for the upcoming annual roll over of student masters and master schedules
 - In advance of the closing of one school year, schools will be given specific instructions as to how to handle the add and drop of students who take these actions after the close of one school year and prior to the beginning of the next school year; to specifically include a default enrollment date for those who enroll during this period
 - With each official state data collection period – teachers via their principals will be required to cross-check their hard copy roll books with their online roll books.
- A small committee of district and school staff will be appointed to study the potential for eliminating dual entry in hard-copy and online roll books and resort to only the online roll books with the proper procedures in place to ensure their validity with digital and hard-copy backups.

If there is a need to contact me, please feel free to do so:

Everrett G. Parker

Office: (225) 778-2481 / Mobile: (225) 324-8492 / Email: eparker@bakerschools.org

Everett G. Parker, Supervisor of Information



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District 5

Response to Finding on Schedule Four (4):

Management concurs with this finding. The reporting database is being audited and compared to the single official personnel files in the central office. All data will be brought up-to-date and accurate in both JPAMS and in SunGard Pentamation in accordance and in alignment with the corresponding personnel files. At least once per school year, **Annual Employee Information Update Forms** will be given to all employees in order for them to verify the information that is on file in the single official central office personnel file, as well as the information in both JPAMS and in SunGard Pentamation. The information in JPAMS and in SunGard Pentamation will be in alignment with the **Verification of Experience and Sick Leave Forms** completed by all new hires and their respective previous employers/school district, as applicable. In addition, this information will be as closely aligned as possible with the respective retirement system for the position. Routine audits will be performed on the database and compared to personnel files on a periodic basis.

Approved by: Printed Name: David W. Gristby
Position Title: Supervisor of Human Resources
Signature: David W. Gristby
Date (Month, Day, and Year) December 17, 2013